

160 - Office of Insurance Commissioner

A001 Agency Administration

The Office of the Insurance Commissioner (OIC) is responsible for regulating the insurance industry in Washington State and protecting consumers through education and timely communications. The activities of the OIC are primarily funded by fees from insurance organizations. Agency management develops policies, regulations, and codes to ensure that the citizens of Washington are able to access affordable insurance; it also provides the administrative support necessary for other divisions within the agency to carry out their functions. (Insurance Commissioner's Regulatory-State)

	FY 2010	FY 2011	Biennial Total
FTE's	41.9	41.9	41.9
GFS	\$0	\$0	\$0
Other	\$4,575,000	\$4,813,000	\$9,388,000
Total	\$4,575,000	\$4,813,000	\$9,388,000

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Provide consumer protection

Expected Results

To provide executive and administrative services in support of the agency's mission in a professional, qualitative, and responsive manner which emphasizes efficiency and cost-effectiveness.

A006 Monitoring Insurance Company Solvency

This activity protects consumers by monitoring the solvency of insurance carriers, health care service contractors, health maintenance organizations, and certified health plans authorized to conduct business in Washington State. Solvency issues may be identified through market conduct oversight activities, financial examinations, or financial analysis of statements filed by insurers. If increased monitoring and the insurer's response do not result in an improvement of the solvency issues, the Insurance Commissioner may issue an administrative supervision order or petition the Superior Court for a rehabilitation order. Upon entry of an administrative supervision order, the insurer's operations are very closely monitored and certain actions cannot be taken without the Commissioner's prior approval. Upon entry of a rehabilitation order, the insurer's management is suspended, and the Insurance Commissioner and his staff, as officers of the court, manage the insurer's operations. If rehabilitation is deemed unlikely, the court may order the insurer liquidated. The Insurance Commissioner continues to manage the operations of the insurer until liquidation is complete. (Insurance Commissioner's Regulatory-State)

	FY 2010	FY 2011	Biennial Total
FTE's	65.0	64.0	64.5
GFS	\$0	\$0	\$0
Other	\$6,590,000	\$6,459,000	\$13,049,000
Total	\$6,590,000	\$6,459,000	\$13,049,000

Statewide Result Area: Improve the economic vitality of businesses and individuals
Statewide Strategy: Provide consumer protection

Expected Results

In addition to the financial and market conduct oversight activities completed, Company Supervision staff completes 480 detailed desk examinations of quarterly, annual, and supplemental financial statements; reviews 120 monthly statements filed by domestic insurers; performs cursory quarterly review of statements filed by almost 1,400 foreign insurers; and reviews intermediate quarterly statements filed by 366 financially distressed foreign insurers.

Percentage of domestic insurers that are rated as financially stable.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	75%		
	7th Qtr	75%		
	6th Qtr	75%		
	5th Qtr	75%		
	4th Qtr	75%		
	3rd Qtr	75%		
	2nd Qtr	75%		
	1st Qtr	75%	77.8%	2.8%

A005 Investigations and Enforcement

Staff investigate and act upon violations of laws and rules regarding sales and marketing practices, account standards, and related matters. Staff also assist consumers with problems involving insurance sales or marketing practices by producers, surplus line brokers, title insurance agents or insurers. (Insurance Commissioner's Regulatory-State)

	FY 2010	FY 2011	Biennial Total
FTE's	11.0	11.0	11.0
GFS	\$0	\$0	\$0
Other	\$1,102,000	\$1,104,000	\$2,206,000
Total	\$1,102,000	\$1,104,000	\$2,206,000

Statewide Result Area: Improve the economic vitality of businesses and individuals
Statewide Strategy: Provide consumer protection

Expected Results

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Amount recovered for consumers as a result of the Office of Insurance Commissioner's intervention.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	\$3,100,000		
	7th Qtr	\$3,100,000		
	6th Qtr	\$3,100,000		
	5th Qtr	\$3,100,000		
	4th Qtr	\$3,050,000		
	3rd Qtr	\$3,050,000		
	2nd Qtr	\$3,050,000		
	1st Qtr	\$3,050,000	\$3,896,774	\$846,774
2007-09	8th Qtr	\$3,075,000	\$5,277,992	\$2,202,992
	7th Qtr	\$3,075,000	\$3,608,869	\$533,869
	6th Qtr	\$3,075,000	\$3,417,820	\$342,820
	5th Qtr	\$3,075,000	\$4,013,768	\$938,768
	4th Qtr	\$3,075,000	\$1,867,649	\$(1,207,351)
	3rd Qtr	\$3,075,000	\$3,061,107	\$(13,893)
	2nd Qtr	\$3,075,000	\$3,930,239	\$855,239
	1st Qtr	\$3,075,000	\$3,310,218	\$235,218
2005-07	8th Qtr	\$2,950,000	\$2,400,954	\$(549,046)
	7th Qtr	\$2,950,000	\$1,746,167	\$(1,203,833)
	6th Qtr	\$2,950,000	\$2,028,758	\$(921,242)
	5th Qtr	\$2,950,000	\$3,151,356	\$201,356
	4th Qtr	\$2,950,000	\$2,999,676	\$49,676
	3rd Qtr	\$2,950,000	\$3,005,370	\$55,370
	2nd Qtr	\$2,950,000	\$4,372,107	\$1,422,107
	1st Qtr	\$2,950,000	\$1,963,574	\$(986,426)
<i>This performance measure is a combined performance measure for the Consumer Information and Advocacy (A003) activity and the Investigations and Enforcement (A005) activity.</i>				

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Average number of days it takes to complete producer investigations.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	75		
	7th Qtr	75		
	6th Qtr	75		
	5th Qtr	75		
	4th Qtr	75		
	3rd Qtr	75		
	2nd Qtr	75		
	1st Qtr	75	74	(1)

A003 Consumer Information and Advocacy

Staff respond to oral and written complaints and inquiries from consumers regarding insurance companies, and act as an advocate when appropriate. Assistance is rendered to enforce the various provisions of the insurance code and is based on authority to take disciplinary action against an insurance company and other licensees. The unit's primary function is to ensure that consumer rights have not been violated. Staff also provide information to help consumers make educated decisions about insurance purchases. (Insurance Commissioner's Regulatory-State)

	FY 2010	FY 2011	Biennial Total
FTE's	26.0	26.0	26.0
GFS	\$0	\$0	\$0
Other	\$2,180,000	\$2,196,000	\$4,376,000
Total	\$2,180,000	\$2,196,000	\$4,376,000

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Provide consumer protection

Expected Results

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Amount recovered for consumers as a result of the Office of Insurance Commissioner's intervention.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	\$3,100,000		
	7th Qtr	\$3,100,000		
	6th Qtr	\$3,100,000		
	5th Qtr	\$3,100,000		
	4th Qtr	\$3,050,000		
	3rd Qtr	\$3,050,000		
	2nd Qtr	\$3,050,000		
	1st Qtr	\$3,050,000	\$3,896,774	\$846,774
2007-09	8th Qtr	\$3,075,000	\$5,277,992	\$2,202,992
	7th Qtr	\$3,075,000	\$3,608,869	\$533,869
	6th Qtr	\$3,075,000	\$3,417,820	\$342,820
	5th Qtr	\$3,075,000	\$4,013,768	\$938,768
	4th Qtr	\$3,075,000	\$1,867,649	\$(1,207,351)
	3rd Qtr	\$3,075,000	\$3,061,107	\$(13,893)
	2nd Qtr	\$3,075,000	\$3,930,239	\$855,239
	1st Qtr	\$3,075,000	\$3,310,218	\$235,218
2005-07	8th Qtr	\$2,950,000	\$2,400,954	\$(549,046)
	7th Qtr	\$2,950,000	\$1,746,167	\$(1,203,833)
	6th Qtr	\$2,950,000	\$2,028,758	\$(921,242)
	5th Qtr	\$2,950,000	\$3,151,356	\$201,356
	4th Qtr	\$2,950,000	\$2,999,676	\$49,676
	3rd Qtr	\$2,950,000	\$3,005,370	\$55,370
	2nd Qtr	\$2,950,000	\$4,372,107	\$1,422,107
	1st Qtr	\$2,950,000	\$1,963,574	\$(986,426)
<i>This performance measure is a combined performance measure for the Consumer Information and Advocacy (A003) activity and the Investigations and Enforcement (A005) activity.</i>				

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Number of insurance consumer inquiries received and answered by the Office of the Insurance Commissioner				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	31,865		
	7th Qtr	31,865		
	6th Qtr	31,864		
	5th Qtr	31,864		
	4th Qtr	31,063		
	3rd Qtr	31,063		
	2nd Qtr	31,062		
	1st Qtr	31,062	30,733	(329)
2007-09	8th Qtr	34,250	32,145	(2,105)
	7th Qtr	34,250	34,728	478
	6th Qtr	34,250	34,351	101
	5th Qtr	34,250	28,791	(5,459)
	4th Qtr	34,000	27,005	(6,995)
	3rd Qtr	34,000	31,241	(2,759)
	2nd Qtr	34,000	31,866	(2,134)
	1st Qtr	34,000	28,392	(5,608)
2005-07	8th Qtr	30,500	30,302	(198)
	7th Qtr	30,500	33,105	2,605
	6th Qtr	30,500	33,685	3,185
	5th Qtr	30,500	32,473	1,973
	4th Qtr	32,963	40,749	7,786
	3rd Qtr	32,963	44,408	11,445
	2nd Qtr	32,963	45,334	12,371
	1st Qtr	32,963	36,407	3,444
This performance measure is a combined performance measure for the Consumer Information and Advocacy (A003) activity and the Health Insurance Benefit Advisors (A004) activity.				

A004 Health Insurance Benefit Advisors

The Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine is a statewide network of trained volunteers who educate, assist, and advocate for consumers regarding health insurance and health care access issues. (Insurance Commissioner's Regulatory-State)

	FY 2010	FY 2011	Biennial Total
FTE's	14.0	14.0	14.0
GFS	\$0	\$0	\$0
Other	\$2,313,000	\$2,321,000	\$4,634,000
Total	\$2,313,000	\$2,321,000	\$4,634,000

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Statewide Result Area: Improve the health of Washingtonians

Statewide Strategy: Provide access to appropriate health care

Expected Results

SHIBA HelpLine staff and volunteers receive and answer over 30,000 inquiries per year targeting low-income populations that are least likely to approach the OIC directly.

Number of insurance consumer inquiries received and answered by the Office of the Insurance Commissioner				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	31,865		
	7th Qtr	31,865		
	6th Qtr	31,864		
	5th Qtr	31,864		
	4th Qtr	31,063		
	3rd Qtr	31,063		
	2nd Qtr	31,062		
	1st Qtr	31,062	30,733	(329)
2007-09	8th Qtr	34,250	32,145	(2,105)
	7th Qtr	34,250	34,728	478
	6th Qtr	34,250	34,351	101
	5th Qtr	34,250	28,791	(5,459)
	4th Qtr	34,000	27,005	(6,995)
	3rd Qtr	34,000	31,241	(2,759)
	2nd Qtr	34,000	31,866	(2,134)
	1st Qtr	34,000	28,392	(5,608)
2005-07	8th Qtr	30,500	30,302	(198)
	7th Qtr	30,500	33,105	2,605
	6th Qtr	30,500	33,685	3,185
	5th Qtr	30,500	32,473	1,973
	4th Qtr	32,963	40,749	7,786
	3rd Qtr	32,963	44,408	11,445
	2nd Qtr	32,963	45,334	12,371
	1st Qtr	32,963	36,407	3,444
This performance measure is a combined performance measure for the Consumer Information and Advocacy (A003) activity and the Health Insurance Benefit Advisors (A004) activity.				

A007 Policy and Enforcement

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Staff handle enforcement actions against insurance companies, health carriers, and others; identifies and investigates organized criminal insurance fraud for prosecution, provides information and counsel to other agency divisions; and support the public policy activities of the agency. (Insurance Commissioner's Regulatory-State)

	FY 2010	FY 2011	Biennial Total
FTE's	28.3	31.6	30.0
GFS	\$0	\$0	\$0
Other	\$4,028,000	\$4,010,000	\$8,038,000
Total	\$4,028,000	\$4,010,000	\$8,038,000

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Provide consumer protection

Expected Results

Amount of restitution value assessed and projected insurance claim payouts saved on behalf of victims of insurance fraud.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	\$200,000		
	7th Qtr	\$200,000		
	6th Qtr	\$250,000		
	5th Qtr	\$100,000		
	4th Qtr	\$150,000		
	3rd Qtr	\$200,000		
	2nd Qtr	\$700,000		
	1st Qtr	\$400,000	\$497,346	\$97,346
2007-09	8th Qtr	\$550,000	\$155,733	\$(394,267)
	7th Qtr	\$550,000	\$552,386	\$2,386
	6th Qtr	\$550,000	\$271,031	\$(278,969)
	5th Qtr	\$550,000	\$51,907	\$(498,093)
	4th Qtr	\$250,000	\$234,627	\$(15,373)
	3rd Qtr	\$250,000	\$70,190	\$(179,810)
	2nd Qtr	\$200,000	\$40,000	\$(160,000)
	1st Qtr	\$100,000	\$68,791	\$(31,209)

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Number of enforcement actions and compliance plans issued against authorized insurers.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	12		
	7th Qtr	12		
	6th Qtr	12		
	5th Qtr	12		
	4th Qtr	12		
	3rd Qtr	12		
	2nd Qtr	12		
	1st Qtr	12	9	(3)
2007-09	8th Qtr	12	7	(5)
	7th Qtr	12	23	11
	6th Qtr	12	10	(2)
	5th Qtr	12	18	6
	4th Qtr	12	16	4
	3rd Qtr	12	7	(5)
	2nd Qtr	12	6	(6)
	1st Qtr	12	15	3
2005-07	8th Qtr	12	21	9
	7th Qtr	12	18	6
	6th Qtr	12	115	103
	5th Qtr	12	46	34
	4th Qtr	12	33	21
	3rd Qtr	12	15	3
	2nd Qtr	12	8	(4)
	1st Qtr	12	7	(5)

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Number of investigations of suspected illegal insurance entities completed.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	14		
	7th Qtr	14		
	6th Qtr	14		
	5th Qtr	14		
	4th Qtr	13		
	3rd Qtr	13		
	2nd Qtr	13		
	1st Qtr	13	11	(2)
2007-09	8th Qtr	13	22	9
	7th Qtr	13	9	(4)
	6th Qtr	13	17	4
	5th Qtr	13	26	13
	4th Qtr	12	31	19
	3rd Qtr	12	28	16
	2nd Qtr	12	9	(3)
	1st Qtr	12	26	14
2005-07	8th Qtr	13	9	(4)
	7th Qtr	13	15	2
	6th Qtr	12	8	(4)
	5th Qtr	12	24	12
	4th Qtr	12	9	(3)
	3rd Qtr	11	14	3
	2nd Qtr	11	16	5
	1st Qtr	11	10	(1)

A002 Producer Licensing and Education

Staff involved in this activity issue and renew licenses for producers, surplus line brokers, adjustors, viatical settlement brokers, and others. Staff also administer continuing education requirements. (Insurance Commissioner's Regulatory-State)

	FY 2010	FY 2011	Biennial Total
FTE's	11.0	11.0	11.0
GFS	\$0	\$0	\$0
Other	\$800,000	\$812,000	\$1,612,000
Total	\$800,000	\$812,000	\$1,612,000

Statewide Result Area: Improve the economic vitality of businesses and individuals

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

Statewide Strategy: Provide consumer protection

Expected Results

Number of licenses and appointments issued for insurance producers.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	118,000		
	7th Qtr	118,000		
	6th Qtr	118,000		
	5th Qtr	118,000		
	4th Qtr	107,250		
	3rd Qtr	107,250		
	2nd Qtr	107,250		
	1st Qtr	107,250	106,510	(740)
2007-09	8th Qtr	87,500	99,050	11,550
	7th Qtr	87,500	89,048	1,548
	6th Qtr	87,500	112,373	24,873
	5th Qtr	87,500	122,782	35,282
	4th Qtr	86,250	82,435	(3,815)
	3rd Qtr	86,250	75,651	(10,599)
	2nd Qtr	86,250	102,842	16,592
	1st Qtr	86,250	94,605	8,355
2005-07	8th Qtr	77,628	82,221	4,593
	7th Qtr	77,628	85,573	7,945
	6th Qtr	77,628	83,560	5,932
	5th Qtr	77,628	109,372	31,744
	4th Qtr	76,106	106,986	30,880
	3rd Qtr	76,106	78,315	2,209
	2nd Qtr	76,106	81,680	5,574
	1st Qtr	76,106	95,084	18,978

A008 Regulation of Insurance Rates and Forms

Staff review and approve the complex actuarial formulas, assumptions, and experience data submitted as part of a proposed rate filing to ensure that rates are neither excessive, inadequate, or unfairly discriminatory. Timely and accurate review is necessary to ensure the financial viability of the insurance company, as well as protecting Washington citizens from overcharges. Policy forms are reviewed to ensure that the terms and conditions of the insurance contract comply with state and federal laws prior to being sold in Washington. (Insurance Commissioner's Regulatory-State)

Appropriation Period: 2009-11 Activity Version: 2C - 2009-11 Enacted Recast

	FY 2010	FY 2011	Biennial Total
FTE's	31.0	31.0	31.0
GFS	\$0	\$0	\$0
Other	\$3,295,000	\$3,323,000	\$6,618,000
Total	\$3,295,000	\$3,323,000	\$6,618,000

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Provide consumer protection

Expected Results

Rates and Forms staff reviews approximately 8,500 rate filings and 10,000 form filings per year.

Average number of days required to finalize the filing review process for insurance rate and form filings.				
Biennium	Period	Target	Actual	Variance
2009-11	8th Qtr	28.5		
	7th Qtr	28.5		
	6th Qtr	28.5		
	5th Qtr	28.5		
	4th Qtr	28.5		
	3rd Qtr	28.5		
	2nd Qtr	28.5		
	1st Qtr	28.5	27.4	(1.1)
2007-09	8th Qtr	28.5	30.9	2.4
	7th Qtr	28.5	33.1	4.6
	6th Qtr	28.5	33.7	5.2
	5th Qtr	28.5	34.7	6.2
	4th Qtr	28.5	32.8	4.3
	3rd Qtr	28.5	31.6	3.1
	2nd Qtr	28.5	34.13	5.63
	1st Qtr	28.5	36	7.5
2005-07	8th Qtr	30	34.8	4.8
	7th Qtr	30	31.9	1.9
	6th Qtr	30	20.9	(9.1)
	5th Qtr	30	25.6	(4.4)
	4th Qtr	30	27.3	(2.7)
	3rd Qtr	30	30	0
	2nd Qtr	30	30.8	0.8
	1st Qtr	30	30.03	0.03

Grand Total

	FY 2010	FY 2011	Biennial Total
FTE's	228.2	230.5	229.4
GFS	\$0	\$0	\$0
Other	\$24,883,000	\$25,038,000	\$49,921,000
Total	\$24,883,000	\$25,038,000	\$49,921,000